COMPETITIVE BID (CB) PROCUREMENTS

A competitive bid (CB) is a procurement method used for purchases between $20,000 and $75,000. CBs require the buyer to request price quotes (bids) from at least three different prospective contractors to allow for competitive pricing. Low cost determines the successful contractor. Refer to A.C.A. § 19-11-234 for laws and rules regarding competitive bids.

When you receive a request to make a purchase for which a contract does not already exist, first evaluate the anticipated total dollar amount of the purchase. The cost estimate of the PR and market research should help you determine if the cost will be in the range to execute a competitive bid. If the anticipated total exceeds $20,000 and is less than $75,000, then you should initiate the competitive bid procurement method.

HELPFUL HINT

Competitive bids are also commonly referred to as “quote bids” or “3 quote bids”. “Price quote”, “quote”, and “bid” are used interchangeable with CBs.

The two typical ways to execute a CB are:

1. Comparison shopping, which may consist of:
   - Calling prospective contractors to get a price quote.
   - Emailing prospective contractors with a simple request for a price quote.
   - Shopping online.

2. Distributing a formal competitive bid solicitation document to prospective contractors and receiving an email response with an attachment of the completed response packet with pricing.

Comparison shopping is the quickest and easiest way to execute a competitive bid; however, this procedure is not feasible for all competitive bid situations.

Executing a Competitive Bid Through Comparison Shopping

You will need to identify at least three prospective contractors who have online pricing available or from whom you will request a price quote/bid. The end user typically provides one or more suggested contractors.
As you identify prospective contractors:

- Create a list of prospective contractors who provide online pricing.
  
  and/or

- Notate the following contact information for each business so that you can contact each for a price quote.
  
  ° Business name
  ° Business address
  ° Business phone number and email
  ° Contact person, if available
  ° Contact person’s direct phone number
  ° Contact person’s email address

**REMINDER**

Three quotes is the *minimum*, but it is best practice to contact as many prospective contractors as feasible to ensure you are obtaining best value for the State.

**HELPFUL HINT**

Remember to check the Minority-Owned and Women-Owned Business Enterprises on the Arkansas Economic Development Commission website to see if any of those businesses may provide the commodity or service you will be purchasing.

**Comparison Shopping**

Examples of suitable purchases for comparison shopping are specific books, certification classes, and simple equipment that doesn’t have customizable options.

These items can be easily described without ambiguity, such as:

- 100 bow rakes and 100 approx. 45” handle digging shovels.
- Lifeguard training and certification for 50 people.

One of the quickest and easiest ways to complete your comparison shopping is by researching online pricing. This works well for commodities where multiple prospective contractors will offer the same item, such as a basic shovel.
Make a screenshot of the online product page for the shovel (which shows the pricing) from at least three suppliers (contractors). This can serve as the required documentation you need to make the purchase from the prospective contractor with the lowest price.

To speed up locating three price quotes online, authorized users may utilize the State’s Arkansas Amazon Business website. Here, you can select three items for comparison and screenshot the webpage of the comparison listing to have your quote documentation.

To participate in the State’s Amazon Business website, you must receive authorization and approval from TSS OSP. Contact TSS OSP’s State Credit Card team for more information about becoming an authorized user.

**Phone Call or Email Shopping**

If online pricing is not available for your purchase, the phone call or email request methods may provide you with the pricing information you need. This method consists of simply calling or emailing a prospective contractor to ask the cost of a specific item or service. This method is best when the commodity or service being purchased does not require customized functionality or provisions.

A buyer must also properly document the bid pricing for the phone call or email methods. With phone calls, the buyer will document each prospective contractor’s price quote information on a tabulation sheet. With email, you may print the email responses from each prospective contractor as documentation, but it is still best practice to complete a tabulation sheet for this method as well.

**HELPFUL HINT**

*No matter what method you use to obtain pricing for a CB, it is best practice to always use a tabulation sheet to have a concise, one-page record of all the price quotes.*

**The Competitive Bid Tab Sheet**

A critical step with comparison shopping as part of a CB is tabulating the competing price quotes. This tabulation documentation serves as the verification that the buyer received, or attempted to receive, *at least 3 bids.*

TSS OSP provides a template for documenting price quotes. It is commonly referred to as a “tab sheet”. A tab sheet helps you organize the price quote information on one document. It must be kept in the official procurement record for the purchase. The *Competitive Bid Tabulation (Verbal or Written)* template is posted on the TSS OSP website.
Below is an example of the tab sheet where the buyer filled in the information in blue.

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Qty</th>
<th>LM</th>
<th>Unit Price</th>
<th>Extension</th>
<th>Unit Price</th>
<th>Extension</th>
<th>Unit Price</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OSHA Forklift Training Manual</td>
<td>40</td>
<td>TA</td>
<td>$189.00</td>
<td>$7,200.00</td>
<td>$115.00</td>
<td>$7,880.00</td>
<td>$162.00</td>
<td>$7,960.00</td>
</tr>
<tr>
<td>2</td>
<td>OSHA Advanced Forklift Training Manual</td>
<td>20</td>
<td>TA</td>
<td>$195.00</td>
<td>$3,900.00</td>
<td>$200.00</td>
<td>$4,000.00</td>
<td>$205.00</td>
<td>$4,100.00</td>
</tr>
</tbody>
</table>

Total: $11,100.00 $11,040.00 $11,780.00

There are three columns to document vendor information and multiple rows for when you need to obtain pricing on multiple items. Add additional columns, rows, and/or pages as needed.

The extended cost and totals will automatically calculate. If purchasing multiple items, the award goes to the prospective contractor with the lowest total price (bottom row).

**Obtaining at Least Three Price Quotes**

On occasion, a buyer may find that even though three prospective contractors were contacted, one or more may not respond with a price quote (bid). In these cases, the buyer should attempt to contact additional prospective contractors. If, after a thorough search for additional prospective contractors, none are found, or if more providers are found, but they are not interested in offering a bid, a buyer may end up with only one or two bids.

Receiving only one or two bids is acceptable only if the buyer documents his/her good-faith efforts to attempt to receive at least 3 bids. This documentation verifies that a buyer has completed his/her due diligence to obtain best value for the State.

The documentation for attempts to obtain three bids may include, but is not limited to:

- Notating the specific efforts taken to identify additional prospective contractors, such as market research, asking others in the industry, checking with the end user, and checking with procurement personnel at other State agencies.

- Listing all the prospective contractors who were contacted, or for whom contact attempts were made.
• Notating the dates, times, and means (phone, email, etc.) of attempts to contact prospective contractors.

• Documenting the prospective contractor’s reason for not bidding.

**IF IN DOUBT…**

See your supervisor for direction on how your agency documents cases where less than three bids are received and make sure all the necessary information is included in the procurement record.